

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 07886 171133Z

47

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 IO-10 ISO-00 SSO-00 L-03

FRB-03 OMB-01 TAR-01 SP-02 AGR-05 AID-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04

TRSE-00 CIEP-01 CEA-01 NSCE-00 INRE-00 SS-15 NSC-05

/102 W

----- 016242

O R 171045Z OCT 75

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 6340

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY BRASILIA

AMEMBASSY LOME

AMEMBASSY LONDON

AMEMBASSY LAGOS

AMEMBASSY MEXICO CITY

AMEMBASSY QUITO

AMEMBASSY SANTO DOMINGO

AMEMBASSY YAOUNDE

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE GENEVA 7886

EB FOR KATZ

E.O. 11652: N/A

TAGS: UNCTAD, ETRD, EAGR

SUBJ: COCOA NEGOTIATIONS: CONTINUING PRICE DISCUSSIONS

REF: (A) GENEVA 7842 (B) STATE 245948

SUMMARY. CONSUMER AND PRICE GROUP MEETINGS HELD OCT 16.

EC ELABORATED ON PROPOSAL REPORTED REFTEL A. ELABORATION

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 07886 171133Z

DEMONSTRATED NUMEROUS INTERVENTION POINTS IN EC PROPOSAL.

U.S., AS PER INSTRUCTIONS REFTEL B, NOTED ITS OPPOSITION TO QUOTAS AND CUMBERSOME CONTROL SYSTEM IN NEW COCOA AGREEMENT. U.S. DEL NOTED PREFERENCE FOR BUFFER STOCK SYSTEM AS OUTLINED IN OUR AMENDMENTS AND SUGGESTED MAINTENANCE OF QUOTA ONLY REPEAT ONLY AS A STANDBY ARRANGEMENT AS IN TIN AGREEMENT. AFTERNOON PRICE GROUP DISCUSSION RESULTED IN PROPOSAL BY CHAIRMAN LAI FOR A 47 CENT MID-POINT IN A 16 CENT RANGE. DISCUSSION DESULTORY EXCEPT FOR INSISTENCE BY EC DEL THAT EC PROPOSAL BE ACCEPTED AS A PACKAGE, ALONG WITH ADJUSTMENTS TO OTHER UNRESOLVED ARTICLES, SUCH AS 44 AND 49. END SUMMARY.

1. EC SPELLED OUT PROPOSAL AS FOLLOWS FROM TOP OF RANGE TO BOTTOM:

A) 52 CENTS, UNLIMITED SALES BY BUFFER STOCK;
B) 50-44 CENTS, FREE ZONE;
C) 44 CENTS, SUSPENSION POINT FOR QUOTAS AS PRICE RISES;
D) 42 CENTS, 100 PERCENT QUOTAS IMPOSED;
E) 40 CENTS, QUOTA CUT OF 5 PERCENT, ABSORBED BY BUFFER STOCK;
F) 38 CENTS, COUNCIL DECISION AS TO FURTHER QUOTA CUTS, PURCHASE BY BUFFER STOCK, OR BOTH;
G) 36 CENTS, BUFFER STOCK PURCHASE UP TO LIMIT OF RESOURCES.

2. CHAIRMAN LAI MADE COMPROMISE PROPOSAL ALONG FOLLOWING LINES FROM TOP DOWN:

A) 55 CENTS, MANDATORY BUFFER STOCK SALES WITHOUT LIMIT;
B) 53 CENTS, BUFFER STOCK SALES UP TO EQUIVALENT OF SEVEN PERCENT OF QUOTA;
C) 53-47 CENTS, ZONE FREE OF QUOTAS OR BUFFER STOCK INTERVENTION;
D) 47 CENTS, INSTITUTION OF 100 PERCENT QUOTAS;
E) 45 CENTS, 3 PERCENT QUOTA REDUCTION ABSORBED BY BUFFER STOCK;
F) 42 CENTS, BUFFER STOCK BUYS UP TO 4 PERCENT EQUIVALENT OF QUOTA ON OPEN MARKET;
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 07886 171133Z

G) 39 CENTS, MANDATORY PURCHASES BY BUFFER STOCK UP TO CAPACITY.

3. EC DEL EXPLAINED FURTHER ELEMENTS IN PACKAGE AS: PRICE REVIEW AND REVISION; BUFFER STOCK SALES TO MEMBER IMPORTING COUNTRIES; BUFFER STOCK LOCATION IN MEMBER IMPORTING COUNTRIES; SUSPENSION OF PRODUCER WITHDRAWALS BY SOME PERCENTAGE

WHEN INDICATOR PRICES ARE ABOVE CERTAIN LEVELS; AND
REAL EFFORTS ON PRODUCERS RE. ASSURANCES OF SUPPLIES.
THE EC AGREED WITH PRODUCERS THAT ON SALES TO BUFFER
STOCK INDIVIDUAL EXPORTERS COULD HAVE OPTION OF
ACCEPTING EITHER MARKET PRICE OR SOME LESSER AMOUNT
SUPPLEMENTED AFTER BUFFER STOCK DISPOSAL
OF COCOA ON MARKET. EC ALSO AGREED THAT BUFFER
STOCK FUNDS COULD BE INVESTED IN INTEREST BEARING
ACCOUNTS IN MEMBER PRODUCING COUNTRIES PROVIDED BUFFER
STOCK MANAGER HAD IMMEDIATE ACCESS TO FUNDS WHEN NEEDED.

4. IN INTERVENTION AT CONSUMER MEETING, U.S. DEL
REVIEWED U.S. PROPOSALS, STATING WE ARE NOT SHY ABOUT
THEM NOR OF OUR NEED FOR TIME TO STUDY LATEST EC
PROPOSAL. HE QUESTIONED THE NEED FOR QUOTAS AND AN
ELABORATE CONTROL SYSTEM, MENTIONING THE TIN AGREEMENT
AS A MODEL FOR STANDBY QUOTAS IMPOSED BY EXPORTERS
WHEN NEEDED WHICH COULD BE APPLIED TO COCOA. DEL
POINTED OUT REDUCTION OF WIDE PRICE FLUCTUATION AT
TOP AND BOTTOM COULD BE MORE EASILY CARRIED OUT BY A
SIMPLE BUFFER STOCK SYSTEM.

5. COMMENT: PRODUCERS DID NOT REACT TO EITHER LATEST
EC PROPOSAL OR TO CHAIRMAN LAI'S PROPOSAL.
PRODUCERS SEEM SOMEWHAT IN DISARRAY OVER WHICH SWEET
DEAL TO SEEK. THIS DISARRAY NOW SEEMS ONLY SURPASSED
BY POSSIBLE BREAKDOWN OF EC UNITY. FRG REP INFORMS
U.S. DEL THAT HE ABOUT TO BREAK FROM EC PRICE POSITION,
TAKING UK, DENMARK, ITALY AND IRELAND WITH HIM, LEAVING
FRANCE, THE NETHERLANDS AND BELGIUM ACCEPTING THE LAI
COMPROMISE. THIS HAS NOT YET HAPPENED. CANADIAN,
JAPANESE AND USSR DELS COULD GO EITHER WAY ON LAI
PROPOSAL. EXTENSION OF AGREEMENT IN CURRENT FORM AND
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GENEVA 07886 171133Z

SECOND SESSION OF NEGOTIATIONS INCREASINGLY HEARD AS
POSSIBILITY AMONG BOTH CONSUMERS AND PRODUCERS.ABRAMS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COCOA, POLICIES, MEETINGS, PRICES, IMPORT QUOTAS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975GENEVA07886
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750360-1065
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751044/aaaabmry.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 GENEVA 7842, 75 STATE 245948
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2003 by BoyleJA>; APPROVED <29 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COCOA NEGOTIATIONS: CONTINUING PRICE DISCUSSIONS
TAGS: ETRD, EAGR, UNCTAD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006